

HOUSE BILL 9073

By Sexton C

AN ACT to amend Tennessee Code Annotated, Title 9,  
Chapter 4, relative to the collateral pledged to  
secure public deposits.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 9-4-103, is amended by deleting the language "; or" at the end of subdivision (9)(I); by deleting the period (.) at the end of subdivision (10)(D) and substituting instead the language "; or"; and by adding the following as a new subdivision:

(11) Cash; For the purposes of this subdivision (11), the term "cash" includes, but is not limited to, United States currency. Notwithstanding this subdivision (11), cash shall not be used as collateral for guaranteed investment contracts pursuant to § 12-10-111(n);

SECTION 2. Tennessee Code Annotated, Section 9-4-504, is amended by adding the following language as a new subsection:

( ) Notwithstanding any law or rule to the contrary, a qualified public depository meeting the board-established criteria to pledge collateral equal to one hundred percent (100%) is authorized to pledge collateral equal to ninety percent (90%) of the public deposits held by the depository on or after the effective date of this act. This subsection ( ) is repealed on December 31, 2026.

SECTION 3. Tennessee Code Annotated, Section 9-4-505(d), is amended by deleting the language "securities".

SECTION 4. Tennessee Code Annotated, Section 9-4-512(1), is amended by deleting the subdivision and substituting instead the following:

(1) The state treasurer, in cooperation with the commissioner of financial institutions, the appropriate federal regulator, or the conservator or receiver of the qualified public depository in default, shall ascertain the amount of funds of each public depositor on deposit at such depository, the amount of deposit insurance applicable to such deposits, and the amount of such deposits which will not be covered through the sale or use of eligible collateral pledged by the defaulting depository;

SECTION 5. Tennessee Code Annotated, Section 9-4-512(2), is amended by deleting the first sentence and substituting instead the following:

Upon ascertaining the amount of such deposits which will not be covered through any applicable deposit insurance or eligible collateral pledged by the defaulting depository, the state treasurer shall as promptly as possible provide coverage of the remaining loss by assessment against the other qualified public depositories.

SECTION 6. Tennessee Code Annotated, Section 9-4-512(3), is amended by deleting the second sentence and substituting instead the following:

If a depository fails to pay its assessment when due, the state treasurer shall satisfy the assessment by selling or using the eligible collateral pledged by that depository; and

SECTION 7. Tennessee Code Annotated, Section 9-4-514(a), is amended by deleting the second sentence and substituting instead the following:

The fund must be composed of eligible collateral pledged from any defaulting institution, proceeds from the sale or use of the eligible collateral, or from any assessment.

SECTION 8. Tennessee Code Annotated, Section 9-4-602(a)(1)(B)(i)(g), is amended by deleting the second sentence and substituting instead the following:

For purposes of this subdivision (a)(1)(B)(i)(g), if "eligible collateral" is pledged as cash, the cash collateral must be equal to at least one hundred percent (100%) of the market value of the borrowed securities.

SECTION 9. This act takes effect upon becoming a law, the public welfare requiring it.